It's a case of the champ—Heineken . . .

By Udayan Gupta

In one-sided ball games, the question most often isn't who's going to win but by how much. When it comes to the beer import game, the same can be said for Heineken.

With a record 30 million cases sold in the U.S. in 1982—40% of total import beer sales and double that of Molson, its nearest competitor—Heineken is clearly head and shoulders above the rest of the peak. Indeed, for most beer industry watchers, the annual question seems to be how Heineken will outperform the rest.

The saga of Heineken's success in America is the story of the Van Munching family, which arrived here a half century ago from Holland with 50 cases of beer and proceeded to take the import beer world by storm. It is also a lesson in effective advertising and marketing.

Even though Leo Van Munching arrived in 1933 as a representative of the Heineken Brewery, it wasn't until after the war that he set up his own importing company, Van Munching & Co.

At that time, imported beers were still in their growth stage, and sales were limited to a few large metropolitan areas. "The population that drank imports was concentrated around port cities," notes John McAna, vp-national sales manager with Van Munching & Co., adding that the biggest consumers were people who traveled and who had already cultivated a taste for imports.

It wasn't until the 1970s that Heineken—along with the rest of the imports—experienced a real surge in demand. In fact, from a little more than 2 million cases in sales at the beginning of the decade, the brand zoomed to more than 25 million cases when the 1980s began.

"The change in demographics helped," notes Alvin Nilson, advertising manager with Van Munching, pointing out that the 1970s gave rise to a more cosmopolitan consumer and a changing life style, a consumer with a penchant for premium products. The awareness was fueled when the better restaurants also started serving Heineken.

"They helped establish the product as a prestige item," explains Mr. Nilson. Even now, he says, most of Heineken's sales are of the on-premise variety—in restaurants and bars. While most beers, especially domestic ones, have 65% of their sales off-premise and only 35% on-premise accounts."

Mr. McAna emphasizes that there is a marked difference between the typical Heineken drinker and the consumer of domestics. His beer, he claims, is aimed more at the upscale young adult—"Sixty per cent of our beer is consumed by those between 18 and 34," he points out—who put a premium on status and prestige.

Sixty per cent of Heineken—the No. 1 selling import—is consumed by those between 18 and 34

Heineken's advertising has continued to stress the beer as a class item, not just in print and radio but also on tv. In fact, among the imports, Heineken is the most consistent user of network tv.

Last year, Heineken ran 110 insertions in national consumer magazines, including *Business Week* and *Sports Illustrated*, supplementing it with radio commercials on more than 200 stations 55 to 75 times weekly during the peak consumption months. Accompanying these placements were tv spots on ABC's "Wide World of Sports," National Collegiate Athletic Assn. football and the U.S. Open. The total bill was more than $15 million.

It wasn't always this way. Heineken began with modest black & white ads that aimed at building the product's image. "Heineken tastes tremendous," the first ads proclaimed. But by 1967, Van Munching was prepared to go for broke.

It became the first importer to place full-page, four-color ads in four national magazines in order to reach 47 million Americans coast to coast. Soon, the print was supplemented by radio. "We went into the cities we were strong in and used radio as a local medium. It gave us an added dimension," explains Mr. Nilson. Lately, Van Munching has turned to tv—spot as well as network—to help extend the message in a more dynamic form.

Curiously, the company has made no effort to use cable. It is firm in its belief that cable's numbers are open to question and that cable has yet to develop into an advertiser's medium.

The systematic increase in media has helped to increase the awareness for Van Munching's import. The green bottle with its misty, fresh look and the "Come to think of it I'll have a Heineken" campaign developed by SSC&B, New York, have become attractive sellers of the product.

The growth in Heineken's advertising budget has been sudden and dramatic. Even though the company claims that it has always devoted 5% of its sales to advertising, the real boost came in 1980, when sales of Heineken had slipped badly.

To counter the slippage, Heineken went into tv for the first time with a campaign created by Doremus Uptown and a budget estimated by some to be $10 million—a sharp contrast with the total budget of less than $2 million in 1979.

Nonetheless, the $15 million spent on advertising last year was unusually large for Van Munching, notes Mr. McAna, who points out that the boost was helped by a favorable showing of the dollar with respect to the Dutch guilder. Since the company pays for its imports in guilders, it had a windfall gain in 1982, some of which was allocated to advertising. The company has no intentions of scaling back on its 1983 budget either. It expects to increase the 1982 total by 10%.

Heineken's advertising has been well supported by a local distribution policy in which the company has paid great atten-

(Continued on Page M-16)

Udayan Gupta, a business writer in New York, is a frequent contributor to Magazine and a columnist for Electronic Media, *a Crain Communications Inc. publication.*

Lining up the imports

Leading imported brands

1982	1981		
1.	1.	**Heineken** (Holland)	Van Munching & Co.
2.	2.	**Molson** (Canada)	Martlet Importing
3.	3.	**Moosehead** (Canada)	All Brand Importers
4.	4.	**Beck's** (Germany)	Dribeck Importers
5.	7.	**St. Pauli Girl** (Germany)	Carlton Importing Co.
6.	6.	**Labatt** (Canada)	Labatt Importers
7.	5.	**Dos Equis** (Mexico)	All Brand Importers
8.	8.	**Foster's Lager** (Australia)	All Brand Importers
9.	11.	**Guinness** (Ireland)	Guinness-Harp Corp.
10.	10.	**Grolsch** (Holland)	Grolsch Importers
11.	13.	**Kronenbourg** (France)	Kronenbourg USA
12.	9.	**Tecate** (Mexico)	CIBCO Importing
13.	12.	**DAB** (Germany)	Beer Import Co.

Also mentioned by industry experts: Carta Blanca, Kirin, O'Keefe, Carlsberg, San Miguel, Bass and Tsingtao.

Source: Beer Wholesaler magazine

On the lighter side

Recently, when asked to describe a particular imported beer, a waitress summed it up like this: "It's a Heineken light."

The beer she described is Amstel Light.

Being associated with Heineken may be Amstel Light's strong suit and the reason for its rapid surge of acceptance. It may also be a detriment to Heineken and the over-all sales of America's leading importer.

But so far, being part of the Heineken mystique has not hurt the import. In less than three years, Amstel Light has emerged as America's fastest growing import—possibly the fastest growing beer in the country.

In 1981, its first full year of distribution, Amstel Light sold 250,000 cases. By 1982, sales had doubled to 500,000 cases. And this year, according to Van Munching & Co., the U.S. distributor of both Heineken and Amstel Light, total sales could be as high as 750,000 cases.

Of course, with less than 1% of the total market for imports, Amstel Light has a long way to go. Nonetheless, as the first European low-calorie beer—"Ninety-five calories never tasted so imported," read the ads—it is making its point.

In many ways, Amstel Light is a curiousity. Even though it carries the name of Amstel—a popular Dutch brand acquired by Heineken in the late '60s—it is a product conceived primarily for American tastes.

John McAna, vp-national sales manager with Van Munching & Co., notes that Leo Van Munching Jr. thought of a European light import as far back as 1978, but it took another 2½ years before the beer was developed and introduced in the U.S. The beer was sold initially in six test markets—New York, Florida, Los Angeles, Houston, northern Virginia and New Orleans.

Apart from being an import conceptualized as an export—a common phenomenon among the brands of many Third World countries—Amstel Light ads have played down the country of manufacture. In fact, the country of origin occupies an obscure position on the brand label.

(Continued on Page M-16)

BEST AVAILABLE COPY

. . . and a challenger—Kronenbourg

By Brian Rogers

We got some prizes. We got some T-shirts. Coming up, No. 324. No. 355."

"We got a 283 out there?"

The scene is Tuesday's. On Columbus Ave. One of the fashionable boutique-like bars on New York's Upper West Side.

And it's in the trenches. Although as trenches go, Tuesday's is a rather pleasant one.

The trenches are where the real war is fought in marketing imported beer. On the street. The battles are between distributors for on-premise distribution—in bars, restaurants and hotels—and for prime cooler and shelf space—in delis, groceries and supermarkets.

The occasion tonight at Tuesday's is "Kronenbourg Night." It's a promotion for a French import that is Europe's largest-selling bottle of beer and which entered the U.S. market in 1980.

"What we're doing, is creating an event," says Robert Wilson, who came to Kronenbourg USA in June as executive vp-marketing and sales from All Brand Importers, a unit of Nabisco Brands, where he was in charge of U.S. sales and marketing operations for Moosehead beer. "What's a 'Kronenbourg Night?' You're supposed to do two things. First, generate awareness of the brand—and trial—and then generate additional business for the retailer."

"In an import beer, you must get what they call 'on-premise distribution,'" says Harold Levine, chairman of Levine, Huntley, Schmidt & Beaver, the ad agency for Kronenbourg USA. "Then you must go to the supermarket. Because if somebody tries it at a bar, likes it, they're going to go buy a six-pack.

"With domestic beer, there's a heavier purchase in the supermarket—which is off-premise—and in an imported beer, there's more on-premise than off-premise. You know what it is, it's a status, image thing. We've learned that drinking a beer is like a necktie. It's a reflection of one's personality."

The "Kronenbourg Night" at Tuesday's, which was fairly hastily put together, was a rather quiet affair, with a simple raffling of prizes. Other "Kronenbourg Nights" are more elaborate, with themes such as "Take Home a Set" (of Kronenbourg glasses) and "Get Mugged" (Kronenbourg mugs). Such promotions have played a large role in gaining and maintaining on-premise distribution and consumption and, generally, in creating brand awareness.

In 1980, when Kronenbourg launched its opening salvo on the U.S. market in New York, that brand awareness reached 90%—parity with Heineken—after six months.

"When we started," Mr. Levine notes, "we decided that the distribution of the product would be solely in New York. We knew that there were five markets that probably represented 65% of the beer business. And New York is probably half of that. So it probably represented 25% to 30% of beer."

After New York, it was the metropolitan area—Long Island, Connecticut and New Jersey. The Hamptons and the Jersey shore are significant summer beer markets. And then on to Boston.

Kronenbourg's initial ad campaign ran on local radio and tv in New York, and later in Boston, with the theme, "Europeans like Heineken, but love Kronenbourg." The ads emphasized the brew's status as Europe's No. 1 bottle of beer.

Although Kronenbourg was first brewed by the Hatt family in the Alsation city of Strasbourg in 1664 (then part of Germany, now part of France), it is only over the last 10 years—since the brewery was purchased by BSN-Gervais Danone, the $4 billion European food and beverage conglomerate—that Kronenbourg has gained its No. 1 position on the continent.

Kronenbourg is now marketed in more than 70 countries throughout the world, and Mr. Wilson describes BSN-Gervais Danone as being perhaps "the P&G or General Foods people of Europe."

Though the beer is French, the name, Kronenbourg, is German. It means "crown village." The water used to make the beer at the Strasbourg brewery comes up in Alsace in underground springs from a source in the mountains on the German side of the border.

"We don't go to any great lengths to explain where we're from," Mr. Wilson says. "We explain Kronenbourg as Europe's No. 1 bottle of beer. We first tell you we're from Europe, which is important. From its name, from its gothic lettering, one would draw the conclusion that it's probably German. That doesn't bother me at all because I know they believe the best beer in the world comes from Germany.

"If you like it to be French, I'll tell you it's French. If you don't, I'll tell you it has the best of both worlds. There's the craftsmanship of the Germans, and there's the finesse of the French."

When Mr. Wilson started with the company in June, 1982, the beer was being marketed in 14 states. Now it's in 24, and the distribution network has been increased by 90 wholesalers—from approximately 150 to approximately 240.

In 1982, Kronenbourg sold 700,000 cases in the U.S. market, and Mr. Wilson's goal is to reach half the current sales of Beck's, the No. 3 import, by 1985, which, with Beck's now at 6 million cases, would put Kronenbourg at 3 million.

"We're at the crossroads," says Mr. Wilson. "We are geared to begin a national expansion."

One major step in advancing these goals will be the launching of Kronenbourg's first national campaign this May. The new one-page, four-color ads are running in *Playboy*, *Penthouse* and *Omni*, with the theme, "Drink Better. Not Bitter."

Current Kronenbourg advertising assures us that people like Heineken, but Kronenbourg . . . that's true love.

About the campaign, Mr. Wilson waxes enthusiastic: " 'Better. Not Bitter.' That's a very succinct statement. It's almost a statement of *life*. It's the kind of thing that a Norman Vincent Peale would say. Believe it or not, it really is."

"They often say that research can destroy creativity," notes Mr. Levine. "This is a situation where research helped creativity. And we spent an awful lot of money on research. We did four surveys."

Two syndicated surveys, Beer Track, done by Madison Research, and Mediamark Research (MRI), measured brand awareness and imported beer drinkers' demographics, respectively. Then Kronenbourg made two of its own surveys, one on usage and attitudes; the other was a brand imagery study using photo associations. Also on hand, for comparison, was a June, 1981, MRI study.

"We asked people in our proprietary usage and attitudes study," says Mr. Levine, "the most important information which would cause the trial of a new imported beer. And the conclusion was: 'taste/flavor'—the predominant reason why people try a new imported beer, with twice as many people wanting a non-bitter, smooth taste than a strong, full-bodied taste.

On the brand imagery study, high percentages of respondents perceived Kronenbourg as being a "more for someone else," "not for everybody," "one bottle at a time," "out of a glass beer."

Also, in the studies, two other factors turned out to be strongly motivating sales claims: That Kronenbourg has been brewed since 1664 and that it's Europe's No. 1 bottle of beer.

So Mr. Levine's agency built a strategy to, as he says, "convey that Kronenbourg is a European beer with a full-bodied, nonbitter taste. Drink Kronenbourg, and you'll have the taste of an authentic, full-bodied European beer, with a unique, smooth, nonbitter taste. And support it with the 300 years of heritage."

Consequently, the new Kronenbourg ad features a four-color photograph of an overflowing stein, one open bottle of Kronenbourg and another on standby. Underneath the head reads, "Drink Better. Not Bitter." The copy enumerates the European No. 1 bottle of beer status, explains the beer's 300-year heritage, hails the taste and exhorts the reader to try it.

"Every element of it [the ad] has been thought out," says Mr. Wilson, who's given his own personal touches to the ad, "from the crimped cap to give masculinity to the spilling of the beer. Our previous ad was prissy. It looked so perfect. The beer was right to the top and there wasn't a drop coming down. I got it pouring down the side and all over the table. That's the way a guy ought to drink. Pour it in and that's it. I used a stein, because I wanted to project a Ger-

(Continued on Page M-16)

Brian Rogers is a New York-based business writer, who upon receiving the assignment, acknowledged that Kronenbourg was his favorite imported beer. All reporting involved was objective, of course.

A worldwide view

Market share by country

Country	1965	1970	1975	1978	1979	1980	1981	1982
Netherlands	18.6	26.9	38.0	44.2	44.7	39.2	40.3	40.5
Canada	20.5	15.0	24.5	28.7	29.2	33.5	32.0	30.9
Germany	35.8	34.6	16.3	11.1	10.3	10.4	11.2	13.1
Mexico	2.4	3.1	6.5	5.9	6.6	7.2	6.7	5.8
United Kingdom	1.7	3.8	4.0	2.1	2.0	2.1	2.0	2.0
Ireland	2.2	2.3	1.2	1.7	1.4	1.4	1.3	1.4
Australia	—	—	2.4	1.4	1.6	1.4	1.1	1.2
France	—	—	—	.2	.3	.6	.9	1.0
Japan	1.1	1.2	1.1	.8	.8	.8	.9	1.0
Philippines	2.5	2.2	1.2	.8	.6	.4	.7	.6
China	—	—	—	—	—	.2	.4	.5
Denmark	5.9	4.3	1.1	.6	.4	.5	.3	.4
Norway	7.5	4.5	1.5	.6	.4	.3	.2	.2
Others	1.8	2.1	2.2	1.9	1.7	2.0	2.0	1.4

Source: Beer Wholesaler magazine ©1982 Dogan Enterprises Inc.

BEST AVAILABLE COPY

Public agencies had a rough '82

By CHRISTY MARSHALL

NEW YORK—Talk to agency presidents about 1983 and, nearly to a man, they will echo the chief executive who quipped: "I just hope it will be less worse than 1982."

A glance at the yearend figures of the publicly held agencies explains the poignancy behind that remark. Only three emerged from 1982 with gains in their net income, while the others suffered substantial losses. Interpublic Group of Cos. came out looking best in net income with $19.8 million, a 30% jump over the year before. BBDO enjoyed a 9% increase to $14.98 million, while Grey had a gain of 2% to a net of $6.8 million.

So much for the good news.

On the downside, JWT Group posted a whopping 96% drop to $267,000 from $7.1 million in 1981. Doyle Dane Bernbach had the second-worst loss, down 31% to $7.6 million. Ogilvy & Mather was down 10.3%, to $14.8 million, and Foote, Cone & Belding dropped 8.9% to $10.9 million.

Revenues in 1982 weren't as bad as net incomes. All the publicly held shops posted gains, with Grey gaining the most and JWT Group the least. Grey was up 25% to $142.2 million as its revenue line included income from three foreign companies that were not consolidated in 1981. JWT gained 3% to $406.7 million.

Agencies continued to attribute their generally anemic results in large part to foreign exchange losses suffered as a result of the strengthened dollar. For instance, BBDO's results include currency exchange losses of $322,000 for the year; JWT's currency losses totaled $4.4 million, and Interpublic's were $5.4 million in 1982.

DDB's report stated: "The earnings decline for the year is entirely attributable to weak classified advertising volume at Bernard Hodes Advertising (recruitment advertising), devaluations of the Mexican peso and a higher effective tax rate." FCB also reported operating losses in certain international offices and in its pr division.

Fourth-quarter net incomes epitomized the entire year. JWT Group, still suffering the repercussions of the syndication scandal of a year ago, recorded a 122% loss, plummeting to a loss of $549,000. The substantial losses are attributable to the shutdown of its syndication unit, declines in recruitment advertising, foreign exchange losses and a tax rate that exceeds 100% (AA, March 7). DDB's fourth-quarter net dropped 27% to $3.6 million, while FCB was down 20.9% to $4.2 million.

In terms of fourth-quarter revenues, all seven agencies posted gains, led by Interpublic, up 29% to $166.1 million.#

Agency financial reports

Fourth quarter

Net income	1982	1981	%
BBDO	$5,550,000	$5,502,000	1
Doyle Dane Bernbach	3,619,000	4,976,000	–27
Foote, Cone & Belding	4,157,000	5,258,000	–20.9
Grey Advertising	2,342,000	2,201,000	6
Interpublic	7,066,000	6,322,000	12
Ogilvy & Mather	5,991,000	5,936,000	0.9
JWT Group	(549,000)	2,503,000	–122

Revenues	1982	1981	%
BBDO	$61,959,000	$51,053,000	21
Doyle Dane Bernbach	53,575,000	53,016,000	1
Foote, Cone & Belding	48,657,000	48,652,000	—
Grey Advertising	40,287,000	32,950,000	22
Interpublic	166,065,000	128,343,000	29
Ogilvy & Mather	95,863,000	92,070,000	4.1
JWT Group	114,876,000	120,800,000	5

Twelve months

Net income	1982	1981	%
BBDO	$14,982,000	$13,796,000	9
Doyle Dane Bernbach	7,646,000	11,001,000	–31
Foote, Cone & Belding	10,912,000	11,977,000	–8.9
Grey Advertising	6,809,000	6,661,000	2
Interpublic	19,777,000	15,171,000	30
Ogilvy & Mather	14,840,000	16,544,000	–10.3
JWT Group	267,000	7,106,000	–96

Revenues	1982	1981	%
BBDO	$212,739,000	$176,666,000	20
Doyle Dane Bernbach	175,876,000	166,241,000	6
Foote, Cone & Belding	179,990,000	172,109,000	4.6
Grey Advertising	142,150,000	113,747,000	25
Interpublic	545,322,000	441,048,000	24
Ogilvy & Mather	327,411,000	302,852,000	8.1
JWT Group	406,712,000	393,329,000	3

ITT getting aggressive in Europe

By JASPER BECKER

BRUSSELS—ITT Europe is about to launch its most ambitious corporate ad campaign in history. The marketer will spend $2 million this year in a stepped-up effort to bring its name and full product line directly before the European public (AA, March 14).

"Research revealed that ITT's image is not as good as it was presumed to be in four key markets," said Terry Quinn, ITT Europe's vp-director of corporate relations and advertising. The problem has become severe now that national telecommunication monopolies (PTT)—ITT's traditional customers—are being deregulated, and ITT products are being sold more often directly to the public. As a result, lack of name recognition is a serious liability.

"Before, we used to deal with a dozen or two PTTs, and so there was no need to do more than promote the local subsidiary," Mr. Quinn said. Now, "we want ordinary companies to be persuaded to buy our products, such as internal telephone systems, teleprinters and facsimile machines—anything except mainframe computers—and the ordinary consumer will be interested in the new digital tv set we will launch later this year," he added.

A further incentive for the ITT campaign is competition from American Telephone & Telegraph—preparing to meet ITT in all its traditional markets.

ITT's local companies, such as Bell Telephone in Belgium or Standard Electric Lorenz in Germany, are of such size and importance that people don't know the true range of ITT's products or technological resources, Mr. Quinn continued.

There also is the trend toward electronics companies, such as West Germany's troubled giant AEG-Telefunken and Siemens, or computer companies, such as IBM, treading into each other's markets as the dividing lines between traditional businesses blur.

While IBM spends about $4 million each year on corporate advertising, Siemens about $3 million and Hitachi and AEG between $1 million and $2 million, ITT Europe has not felt the need to match these efforts, until now.

The new campaign will be aimed at opinion leaders in West Germany, Belgium, Spain and Italy via international business magazines and newspapers. The campaign was created by British agency KMP Partnership, London, and will take up another theme, according to Mr. Quinn.

"We want to get across the message that we are a high-technology company with enormous resources and with products in a huge range of areas, so that we will be saying, for instance, that ITT Europe is supplying the Japanese with the best and cheapest chips, that we have made a breakthrough with digital tv and so on," Mr. Quinn said.

The corporate campaign will back up national campaigns in Europe, like the German one that gets $5 million in its own right.#

sweep' stakes

For more than 21 years: Concept, AND rules, AND trade, AND prizes, AND correspondence, AND reporting, AND legal, AND judging, AND supervision, AND more... Write for "Problem/Prevent Checklist".

J don jagoda associates, inc.

One Underhill Boulevard, Syosset, New York 11791
(516) 496-7300 · (212) 529-1500

TO WIN ONE YOU HAVE TO BE THE BEST AT WHAT YOU DO.

TO WIN A baker's DOZEN YOU HAVE TO BE AS GOOD AS MACHINE DESIGN.

This is the 13th time the writers and editors of Machine Design have received the most prestigious award in business magazine publishing.
You might expect that from the number one book in the design engineering field.
But we didn't get to be first by taking our readers, our advertisers, or our Neal Awards, for granted.
So, while we're very proud of what we've accomplished, we're more determined than ever to see that our best is all you ever get.

MACHINE DESIGN

Attention:

Advertising Agencies

Public Relations Agencies

Graphics Studios

If overhead is outlasting billing, we have a pitch you'll be partial to. An extremely accessible address at an extremely reasonable rent...220 East 42nd Street.

A five to ten year sublease of 5,750 square feet in an outstanding corner unit. Will consider subdividing.

FOR MORE INFORMATION, CONTACT:
Exclusive Agent
Clint Holland
212/883-8377

ESG

EDWARD S GORDON COMPANY INC
405 LEXINGTON AVENUE NEW YORK NY 10174

C2710-1 4/6/83

What's Calvin up to? - Page 2

Burberrys

Special Report: Reaching affluent markets - Magazine

Best 1982 Ad Age picks the winners - Magazine

Advertising Age

®

© Entire contents copyright 1983 by Crain Communications Inc. All rights reserved.

$1.25 a copy; $50 a year | The International Newspaper of Marketing • In Two Sections, Section 1. | April 4, 1983

You want a Cougar, you got a cougar

Budget Rent a Car follows the end of gift giveaways (AA, Feb. 21) with a new promotion offering $34.95 daily rental of a Lincoln-Mercury Cougar and $100 rebate to customers who later buy the car. Tv spots, via D'Arcy-MacManus & Masius, Chicago, break today on ABC and CBS network news and sports.

Nets may ask 15% to 22% more for fall

By CRAIG REISS

NEW YORK—Buyers and sellers alike are conceding that this year's upfront network tv prime time prices will increase at least 15%, although network sources say they could begin negotiations by asking for as much as a 22% hike over last year's record-setting prices.

Furthermore, agency buyers are speculating that the networks will attempt to create a panic among advertisers by stressing that telecasts of the Olympic Games, political conventions and the sale of national political advertising in 1984 will devour available network commercial inventories. The shrunken inventories, combined with an unexpectedly quick upturn in the national economy, will be the main points the networks will stress to create a true seller's market.

Agency negotiators, however, argue that the lost inventory amounts to only about 3% of total network commercial time and that the impact will not be nearly as great as the networks want advertisers to believe. At the same time, several major agency negotiators are telling their clients to be prepared to make their buys early in the upfront season—May through July—rather than hope slow sales will bring prices down as the summer progresses.

If the projections hold, the networks should realize their second consecutive year of record price increases in the upfront market. Last year, upfront prices rose between 13% and 16%, the first time the networks were able to secure double-digit rate increases.

While claiming that the 22% figure being floated early by the net-

(Continued on Page 75)

Baseball, Apple link for dream team tour

By ROBERT RAISSMAN

Apple Computer and Major League Baseball will join forces to produce one of the largest promotions in sports: A "dream team" tour by former big-league ball players who will play at least 24 games in Major League cities between May and September.

Apple completed negotiations with Major League Baseball's Promotion Corp. last week and will shell out $1 million to Major League Baseball for the rights to the promotion.

That, according to league sources, is the largest fee that baseball has received for a promotion. In terms of dollars spent, the promotion, known as the Apple Computer Dream Team Tour, will be second only to Gillette's All-Star game ballot promotion, the most ambitious and costly in sports. Sources said Apple additionally will spend almost $2 million to promote and advertise the tour.

Major League Baseball is negotiating with a major automobile marketer that would lend its name to a U.S. "dream team" game in Japan against former Japanese all-stars.

Steve Doctrow, director of promotional marketing at Chiat/Day, the Apple agency, said the pioneering personal computer company is investing in the tour to help stimulate traffic at the dealer level. He said Apple dealers will be able to participate in the promotion on

(Continued on Page 73)

Broadcast joins cable, newspapers in bid for ads

Teletext arena grows

By RICHARD L. GORDON and DIANE MERMIGAS

The decks are cleared for tv broadcasters to enter electronic publishing, setting the stage for a future showdown with the new medium's other powerhouses—the newspaper and cable tv industries. All three are expected to compete for advertiser dollars.

The green light that broadcasters had been waiting for came in a 5-2 Federal Communications Commission decision last week that authorized "teletext" service, as the broadcast form of electronic publishing is known. FCC-sanctioned teletext experiments have been run by CBS, some public tv stations and broadcast groups such as Taft and Bonneville International

Those already involved in electronic publishing welcomed the competition that will arouse the interest of viewers, set manufacturers and advertisers.

"The more players the better because the industry now is quite small and the participation of broadcasters like CBS and NBC will help it to become known and accepted more rapidly," said Tom Ray, a spokesman for Keycom Electronic Publishing, in suburban Chicago, which in November launched the first nationwide 24-hour consumer teletext magazine.

Keyfax National Teletext Magazine currently is carried by 70 cable systems. The biggest obstacle to Keycom expansion, possibly by offering regionally generated magazine pages—and to the growth of teletext generally—has been convincing tv set and decoder manufacturers that the new technology (whether delivered by cable, existing telephone lines or over-the-air) is here to stay.

"With CBS and NBC now allowed to pursue teletext on more than just an experimental basis, and being the mass distribution organizations in the tv business, it is certain to provide manufacturers

(Continued on Page 72)

last minute news

D'Arcy wins Penney's catalog division account

NEW YORK—J.C. Penney has awarded its catalog business to D'Arcy-MacManus & Masius. The catalog division, which had no previous agency, was earlier estimated to be worth about $9 million, although a Penney's executive now says the spending has not been determined yet. Two other finalists, McCaffrey & McCall and N W Ayer, continue on fashion and financial services, respectively.

RCA disc drive pitches 'entertainer of the year'

INDIANAPOLIS—RCA Consumer Electronics will announce a new advertising campaign this week for its SelectaVision videodisc player line. The drive features actor Gene Kelly as spokesman and carries the tag line, "The entertainer of the year." Commercials will debut on network tv next week along with radio and p.o.p. support. The campaign remains within RCA's over-all consumer electronics theme, "We'll open your eyes." Leo Burnett USA, Chicago, handles the account.

(Continued on Page 8)

AA
DC2001 4CONGLI
CONGRESSIONAL INFO SERVICE M
SRI ACQUISITIONS
4520 EAST-WEST HWY #800
WASHINGTON DC 20014

Arco is testing cash-activated gasoline pumps

By ROBERT RAISSMAN

The Atlantic Richfield Co., which dropped credit cards last year, is testing cash-activated gasoline pumps in some of its Los Angeles-based Arco stations. If the test is successful, Arco intends to take the system national.

Arco's unit consists of a separate terminal, similar in style to an automatic teller machine, that accepts $1 and $5 bills. The Arco customer drives up to the terminal—located on the pump island—inserts an exact amount of cash for the gasoline purchase, presses a button denoting that a final cash entry has been made, and proceeds to pump gas. When the deposited amount is reached, the pump cuts off.

A machine that accepts $10 and $20 bills will be tested at a later date.

Arco's test is another step by a major oil marketer to find and employ a variation of an automated pump system. At least three other companies—Mobil Oil, Texaco and Derby Refining—are testing credit card-activated pumps (AA, Nov. 15). Sun Electric Corp., Crystal Lake, Ill., has been manufacturing and marketing a totally automated service station management system—known as the Station Minder—since September, 1982. That system has been installed in about 1,000 retail gasoline outlets throughout the country.

Arco's unit, called Express Prepay, is an outgrowth of the com-

(Continued on Page 75)

D'Arcy execs retire; Bay named chairman

Bloomfield Hills, Mich.—Two advertising chieftians are stepping down at D'Arcy-MacManus & Masius Worldwide—James Orthwein as board chairman and Ernest Jones as chairman of the executive committee.

Harold Bay Jr. becomes board chairman and chief executive officer; he had been president-chief exec. Milton Coulson Jr. is leaving as vice-chairman of the office here. George Sparks, an art director who posed for the "Mr. Goodwrench" print ads, also is departing. All of them are retiring.

The agency said Mr. Orthwein's retirement "completes the top-management change planned in January of last year when Mr. Bay was elected ceo." D'Arcy had billings of $1.1 billion in 1982 and numbers Pontiac, General Motors corporate, Cadillac division, Detroit Diesel Allison, Dow Chemical, General Tire, Alberto-Culver, Amoco Oil, Standard Oil (Ind.), CPC International, Heublein, RCA, Anheuser-Busch, Crown Zellerbach and Mars as clients.

Mr. Orthwein was chairman and

(Continued on Page 75)

Five women, each with a story to tell, are featured in current Calvin Klein tv spots. Most of the time is devoted to the person and her views of life, with only brief shots of denim and a couple of brand mentions.

Calvin Klein, Jesse Jeans downplay product

In jeans ads, less is more

By PAT SLOAN

New York—Three and four years ago, designer jeans were "in," and the popular way of advertising them was on a leggy model whose backside could withstand close scrutiny by the camera.

But now, selling the obvious is out. The way to advertise jeans, it seems, is to show less of the product and more of everything else.

If that appears to be strange logic, consider: By early 1981, there could hardly have been a man, woman or child who hadn't heard of "Calvins," Sergio Valente, Jordache, Gloria Vanderbilt or Bonjour—brands that individually received as much as $8 million in advertising during 1980.

In those cases, however, familiarity bred, if not contempt, then surely market saturation. Advertising budgets started creeping down, as did prices, when products began proliferating in discount stores. From May, 1981, to May, 1982, according to Warren Hirsh, president, J. Breed Clothing Co., within the $1 billion-plus market status jeans suffered at least a 25% decline in sales. During the course of 1981, companies such as Jordache, which spent more than $5 million on jeans advertising in 1980, spent maybe a fifth as much as they concentrated instead on sportswear, according to Leading National Advertisers Inc.

But last July, the designer jeans market started to pick up as marketers freshened their standard denim wares with black denim and stonewashed looks and softened the design of their lines (AA, April 19). Ad spending, until now, seemingly had lagged behind the apparent recovery.

However, last month Calvin Klein Jeans, a division of Puritan Fashions, began a new campaign that signals a significant increase in spending by that company, which last year spent just over $500,000 on jeans ads. And this month, J. Breed Clothing introduced a new campaign for Jesse Jeans that manages to be provocative without taking on the tones of a burlesque bump and grind.

Although the two campaigns bear no resemblance to each other, they share one common feature: A decided deemphasis of product that begs the viewers' attention.

As usual, Calvin Klein management would not discuss the way it advertises jeans. But this much is known. About 23 commercials have been shot, 14 of which now are airing. The work of photographer Richard Avedon and copywriter Doon Arbus (AA, Nov. 15), the spots are divided between five women, identified as Andie, Antonia, Lauren, Martha and Shari (the latter said to be the daughter of singer-actor Harry Belafonte).

Each of the five represents a different psychographic and demographic type: Andie, southern, sultry and country; Antonia, international, sophisticated and glitzy; Lauren, ladylike classic; Shari, athletic and in-

(Continued on Page 70)

highlights

Monday, April 4, 1983

USA Today has ended its advertising giveaway plan and its circulation is nearing the 1-million mark, as it prepares to debut next week in New York. *See Page 4.*

A good number of major magazines are showing gains in ad pages for part or all of the second quarter. *See Page 6.*

Though the FTC has lifted its ban on claims that Lysol disinfectant "helps prevent colds," Sterling Drug is weighing carefully what it can say in its advertising. *See Page 10.*

New French laws that would give women's rights groups a base to sue over ads deemed sexist have taken the ad community by surprise. *See Page 12.*

Pointing out that billings throughout its European network held up last year, JWT executives are talking about reopening its Paris agency. *See Page 12.*

The jury is still out on the health benefits of oat bran, but two major cereal marketers are entering the market with new oat bran products without waiting for the final verdict. *See Page 20.*

Partners in the Spotlight pay tv network have been holding closed-door meetings for the last several weeks to determine the fate of the 2-year-old movie service. *See Page 22.*

The Food & Drug Administration found little support for allowing advertising of prescription drugs in consumer media during an open meeting of industry and consumer representatives last week. *See Page 32.*

In an attempt to revitalize the *Boston Herald-American*, Rupert Murdoch has changed its name, its publisher and its image, treating Boston to a sample of what has become known as the "Murdoch touch." *See Page 34.*

Plans of Ogilvy & Mather and Tokyu International to set up a joint-venture agency have hit a snag, leading to speculation that the project is on the verge of collapse. *See Page 41.*

A ferocious attack on Conde Nast Publication's new *Vanity Fair* in *New Republic* has New York's media community buzzing. *See Page 46.*

A Cunningham & Walsh executive has formulated a theory that people classify themselves by which goods and services they buy, and if marketers can crack that code they can identify target markets more easily and cheaply. *See Page 47.*

Coca-Cola Bottling Co. of New York and Seagrams are having minor difficulties seeking a perfect mix. *See Page 52.*

The Peruvian government is tightening the reins on imported commercials and, if local producers have their way, may soon move to rid Peru of all foreign-made advertising. *See Page 52.*

Though car sales began to pick up during a late-winter warm spell, Chrysler chairman Lee Iacocca is anticipating a lull in sales until summer. *See Page 64.*

A small French confectioner is about to attack the mighty U.S. bubble gum market with a soft bubble gum sold in toothpaste-like tubes. *See Page 65.*

Toy marketers, after years of turning tv characters into toys, have begun a major push toward reversing the traditional licensing pattern—by turning their toys into animated children's tv shows. *See Page 66.*

CORPORATE CLOSEUP

Feeling competitive heat from other caffeine-free cola entries, Seven-Up Co. is expected to name N W Ayer as its agency for Like cola this week, shifting the account away from Backer & Spielvogel. *See Page 4.*

MAGAZINE

The best tv commercials of 1982 are picked by the editors of Advertising Age. *See Page M-4.*

Marketing to Affluents: Newcomers to the upper-income brackets are transforming the markets for affluent-oriented goods and services. *See Page M-11.*

A valuable archive of 3.5 million ads, some dating back to 1907, which could be the most comprehensive anywhere, is up for sale. *See Page M-42.*

REGULAR FEATURES

ACCOUNT CHANGES	42	NEW PRODUCTS	14
ADVERTISER PEOPLE	67	OBITUARIES	30, 71
ADVERTISING MARKETPLACE	61	PHOTO REVIEW	28
AGENCY PEOPLE	24	PRESSTIME	8
CON-SID-ERATIONS	16	PUBLIC RELATIONS	56
CORRECTIONS & CLARIFICATIONS	6	REGIONAL NEWS	54
EDITORIAL VIEWPOINT	16	VIDEOTECH UPDATE	50
FOR THE RECORD	69	VOICE OF THE ADVERTISER	60
MEDIAMOVES	43	WASHINGTON BEAT	44
MEDIA PEOPLE	58	WORLD NEWS ROUNDUP	4

Vol. 54, No. 15—ADVERTISING AGE (ISSN 0001-8899) is published weekly except semi-weekly the third week in March, the second week in September at 740 Rush Street, Chicago, IL 60611. Second-class postage paid at Chicago and additional mailing offices. Send address changes to ADVERTISING AGE, Circulation Department, 740 Rush Street, Chicago, IL 60611.

Cinemax readies a run at HBO

By SUSAN SPILLMAN

New York—Time Inc., revamping its 2½-year-old Cinemax pay tv network, reportedly hopes to transform the service from its current status of Home Box Office's little sister into that of its strongest rival.

Cinemax was created as the film buff's supplement to HBO. From the outset the network has boasted an all-movie lineup—featuring films that are different from those playing on HBO. Within the next few months, however, assorted original programing formats will be added to strengthen Cinemax's schedule, said Alan Levy, a spokesman for Cinemax. One source said Cinemax is considering, as one format, "clip" shows based on the careers of major film stars.

In addition, Time Inc. "is seriously considering" airing some films on Cinemax and HBO during the same month, other sources at the network said.

The parent company made its first distinctive move to strengthen Cinemax last fall when it began to premiere some more titles on Cinemax before showings on HBO. Examples include "Diner," "The French Lieutenant's Woman" and

(Continued on Page 70)

Small Agency Panel

Satisfaction: Easy to promise, hard to deliver

By Joseph D. Brown

Highlights from a recent survey of America's medium-size advertising agencies indicate that few clients are really satisfied with agency services. Only 15% of these agencies thought their clients were extremely satisfied. The survey indicated that there is considerable information that would be useful in developing better client-agency relations, and the major point seemed to be communications.

Questionnaires were mailed nationwide to 410 randomly selected agencies employing between eight and 50 people. A stamped envelope was provided for returning the questionnaire. The 51% return rate indicates the high interest in client-agency relations.

Joseph D. Brown is professor of marketing and director of the bureau of business research, Ball State University, Muncie, Ind. His is also research director of Bonsib Inc., Fort Wayne, Ind.

The first section was on the importance of services and client satisfaction with those services. The agencies were asked to indicate the degree of over-all client satisfaction with the agency and the trend of the client-agency relationship. Next they indicated aspects of doing business with clients and agency satisfaction with clients. The responses indicated a proportionate return rate from five major geographic areas of the U.S.

Agency services

The first section of the questionnaire listed eight services and asked the respondent to check the importance of these services. The respondent could also specify other services not listed. The eight listed services were:

- Creative execution and production.
- Creative strategy.
- Media planning and placement.
- Marketing strategy.
- Research.
- Public relations.
- Direct mail.
- Copy testing.

Most agencies feel that creative execution and production are either absolutely necessary or are very important agency services. Creative strategy is viewed as absolutely necessary or very important by most of the agencies. Of the agencies responding, many consider media planning and placement either absolutely necessary or very important while about the same number consider marketing strategy and planning necessary or very important. In the opinion of agency respondents the remaining services (research, public relations, direct mail and copy testing) are considerably less important as client services.

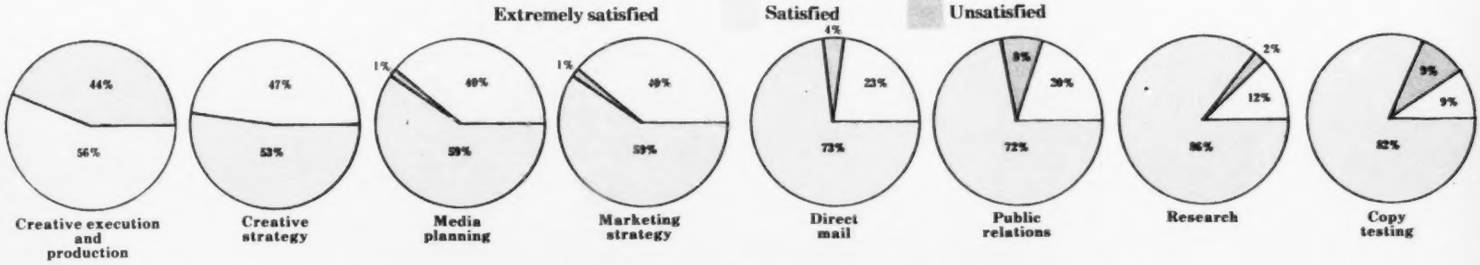
Client satisfaction with agency

Agency executives then indicated the degree to which they thought the clients were satisfied with agency performance in each of these service areas. Slightly more

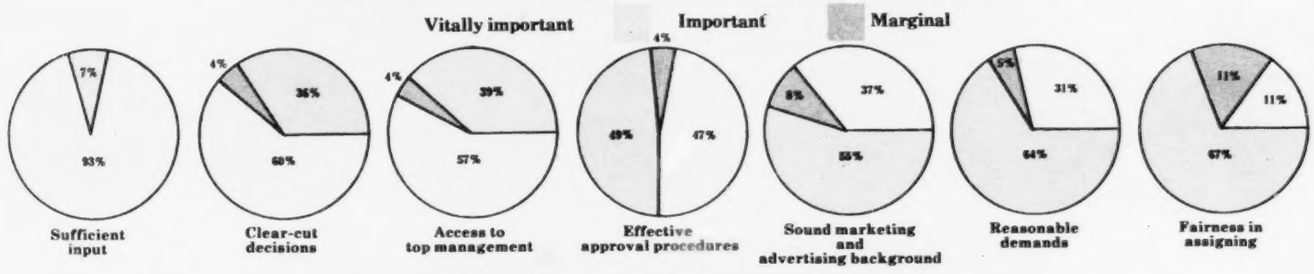
(Continued on Page M-50)

Importance of agency services

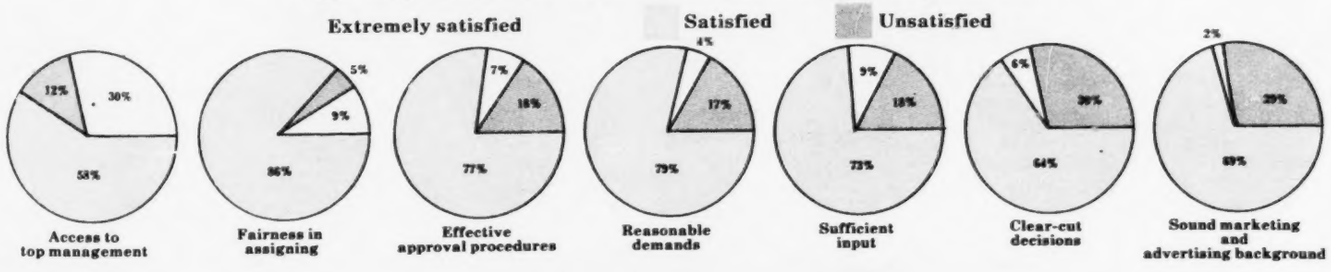
Client satisfaction with agency services



Importance of aspects of a client's business



Agency satisfaction with client performance



Source: Joseph D. Brown

BEST AVAILABLE COPY